

**REPORT OF THE AUDIT OF THE
FORMER SHELBY COUNTY
SHERIFF**

**For The Period January 1, 2002
Through January 5, 2003**



**EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE FORMER SHELBY COUNTY SHERIFF

**For The Period January 1, 2002
Through January 5, 2003**

The Auditor of Public Accounts has completed the former Shelby County Sheriff's audit for the period January 1, 2002 through January 5, 2003. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees increased by \$58,554 from the prior year, resulting in excess fees paid to the county fiscal court of \$213,771 as of January 5, 2003. Revenues increased by \$25,253 from the prior year and disbursements decreased by \$33,301.

Deposits:

The former Sheriff's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Rob Rothenburger, Shelby County Judge/Executive

Honorable Harold Tingle, Former Shelby County Sheriff

Honorable Mike Armstrong, Shelby County Sheriff

Members of the Shelby County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the former County Sheriff of Shelby County, Kentucky, for the period January 1, 2002 through January 5, 2003. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the former Shelby County Sheriff for the period January 1, 2002 through January 5, 2003, in conformity with the modified cash basis of accounting.



To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Rob Rothenburger, County Judge/Executive
Honorable Harold Tingle, Former Shelby County Sheriff
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In accordance with Government Auditing Standards, we have also issued our report dated April 22, 2003, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 22, 2003

SHELBY COUNTY
HAROLD TINGLE, FORMER COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Period January 1, 2002 Through January 5, 2003

Receipts

State Grants		\$	12,102
State Fees For Services:			
Finance and Administration Cabinet	\$	33,632	
Cabinet For Human Resources		<u>8,578</u>	42,210
Circuit Court Clerk:			
Sheriff Security Service	\$	17,532	
Fines and Fees Collected		3,457	
Court Ordered Payments		<u>240</u>	21,229
Fiscal Court			14,870
County Clerk - Delinquent Taxes			5,709
Commission On Taxes Collected			470,192
Fees Collected For Services:			
Auto Inspections	\$	15,603	
Accident and Police Reports		2,048	
Serving Papers		31,400	
Carrying Concealed Deadly Weapon Permits		<u>10,095</u>	59,146
Other:			
Miscellaneous	\$	860	
Mental Inquest Ward		3,559	
Sheriff Penalty		52,900	
Advertising Fees		<u>2,443</u>	59,762
Interest Earned			9,159
Borrowed Money:			
State Advancement			<u>\$ 157,054</u>
Total Receipts		\$	851,433

The accompanying notes are an integral part of the financial statement.

SHELBY COUNTY
HAROLD TINGLE, FORMER COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
For The Period January 1, 2002 Through January 5, 2003
(Continued)

Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-	
Deputies' Salaries	\$ 153,260
Part-Time Salaries	493
Employee Benefits-	
Employer's Share Social Security	16,475
Employer Paid Health Insurance	27,635
Contracted Services-	
Advertising	7,892
Vehicle Maintenance and Repairs	15,114
Aircraft Rental	552
Materials and Supplies-	
Office Materials and Supplies	3,675
Uniforms	30,607
Law Enforcement Supplies	5,486
Auto Expense-	
Gasoline	29,723
Vehicle Expense	20,233
Other Charges-	
Training	959
Conventions and Travel	250
Dues	1,619
Postage	6,093
Monthly Court Fees	14,850
Return Prisoners	3,549
Telephone	5,651
Computer Expense	3,026
Bank Charges	73
Carrying Concealed Deadly Weapon Permits	7,680
Miscellaneous	1,495

The accompanying notes are an integral part of the financial statement.

SHELBY COUNTY
HAROLD TINGLE, FORMER COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
For The Period January 1, 2002 Through January 5, 2003
(Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay: (Continued)

Capital Outlay-

Equipment Grant	\$	12,102
Vehicles		45,410

Debt Service:

State Advancement		<u>157,054</u>
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Total Disbursements	\$	<u>570,956</u>
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Net Receipts	\$	280,477
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Less: Statutory Sheriff's Salary		<u>66,706</u>
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Excess Fees Due County for 2002	\$	213,771
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Payments to County Treasurer - March 18, 2003		<u>213,771</u>
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Balance Due at Completion of Audit	\$	<u><u>0</u></u>
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The accompanying notes are an integral part of the financial statement.

SHELBY COUNTY
NOTES TO FINANCIAL STATEMENT

January 5, 2003

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at January 5, 2003.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent for the first six months of the year and 6.34 percent for the last six months of the year. Hazardous covered employees are required to contribute 8.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 16.28 percent.

SHELBY COUNTY
NOTES TO FINANCIAL STATEMENT
January 5, 2003
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits

The former Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of January 5, 2003, the former Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the former Sheriff's agent in the former Sheriff's name, or provided surety bond which named the former Sheriff as beneficiary/obligee on the bond.

Note 4. DARE Account

The former Sheriff has a DARE account, which had receipts of \$1,687 and disbursements of \$1,035 during the period January 1, 2002 through January 5, 2003. The balance of the DARE account as of January 5, 2003 was \$3,294.

Note 5. Federal and State Grant Account

The former Sheriff has an account for federal and state grants, which had receipts of \$2 and disbursements of \$12,102. The balance in the Grant Account as of January 5, 2003 was \$2.

Note 6. Forfeiture Accounts

A. Confiscated Drug Fund

The former Sheriff used a Confiscated Drug Fund to account for funds seized in drug and other criminal cases, which the court system or other law enforcement agencies turned over to the former sheriff. The account had receipts of \$660 and disbursements of \$1,200 during the period January 1, 2002 through January 5, 2003. The balance of the Confiscated Drug Fund as of January 5, 2003 was \$8,146.

SHELBY COUNTY
NOTES TO FINANCIAL STATEMENT
January 5, 2003
(Continued)

Note 6. Forfeiture Accounts (Continued)

B. Federal Drug Money Fund

The former Sheriff used a Federal Drug Money Fund to account for funds or property seized in federal drug cases and shared with the DEA, FBI or other federal law enforcement agencies. The account had receipts of \$30 and disbursements of \$1,458 during the period January 1, 2002 through January 5, 2003. The balance of the Federal Drug Money Fund as of January 5, 2003 was \$8,059.

Note 7. Tax Escrow Accounts

The Sheriff deposits unclaimed tax overpayments into escrow upon annual tax settlement. The funds escheat to the state after seven years if not claimed.

A. 2001 Tax Account

The 2001 tax escrow account earned \$2 in interest during the period January 1, 2002 through January 5, 2003. The ending balance as of January 5, 2003 was \$4,058.

B. 2000 Tax Account

The 2000 tax escrow account earned \$10 in interest and paid \$92 in claims during the period January 1, 2002 through January 5, 2003. The ending balance as of January 5, 2003 was \$881.

C. 1999 Tax Account

The 1999 tax escrow account earned \$8 in interest and paid claims of \$129 during the period January 1, 2002 through January 5, 2003. The ending balance as of January 5, 2003 was \$2,070.

D. 1998 Tax Account

The 1998 tax escrow account earned \$5 in interest and paid claims of \$27 during the period January 1, 2002 through January 5, 2003. The ending balance as of January 5, 2003 was \$1,224.

E. 1997 Tax Account

The 1997 tax escrow account earned \$86 in interest and paid claims of \$487 during the period January 1, 2002 through January 5, 2003. The ending balance as of January 5, 2003 was \$22,883.

F. 1996 Tax Account

The 1996 tax escrow account earned \$10 in interest and paid claims of \$132 during the period January 1, 2002 through January 5, 2003. The ending balance as of January 5, 2003 was \$2,525.

G. 1995 Tax Account

The 1995 tax escrow account earned \$11 in interest and paid claims of \$138 during the period January 1, 2002 through January 5, 2003. The ending balance as of January 5, 2003 was \$2,752.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the former Shelby County Sheriff for the period January 1, 2002 through January 5, 2003, and have issued our report thereon dated April 22, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the former Shelby County Sheriff's financial statement for the period January 1, 2002 through January 5, 2003, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Shelby County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.



Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
April 22, 2003

